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**ALLEGED INTERNET FRAUD KINGPIN AND WEB PAGE DESIGNER  
ARRESTED IN COSTA RICA**

**Leader Allegedly Orchestrated \$53 million Investment Fraud Scheme Using Web Site  
Millions of Dollars of Assets Frozen**

SACRAMENTO--United States Attorney John K. Vincent and FBI Special Agent-in-Charge Richard Baker announced the arrest today of Alyn Richard Waage, 55, of Canada, and James Michael Webb, 39, of California, on charges relating to an Internet-based investment fraud scheme that allegedly netted more than \$50 million over the last two years. The arrests were made in San Jose, Costa Rica, by the Costa Rican authorities based on U.S. arrest warrants. A criminal complaint filed in Sacramento charges each defendant with mail fraud and securities fraud. If convicted, each defendant faces 5 years in prison and may be fined not more than the greater of twice the gross gain or twice the gross loss, and a 10 years in prison and a \$1,000,000 fine for the securities fraud.

A third defendant, Lynn Waage Johnson, remains at large and is wanted on an arrest warrant.

The arrests culminated an internal effort by the United States and Costa Rica to investigate an arrest these suspects, who had recently moved their alleged criminal operations from Mexico to Costa Rica. At the request of the United States, Costa Rican authorities froze accounts that are allegedly tied to the scheme. These accounts are valued at more than two million dollars and are located at several Costa Rican banks. Costa Rican authorities also froze real property allegedly tied to the scheme worth approximately \$5 million, and secured a yacht, a helicopter and ten late-model vehicles.

In announcing the arrests, SAC Baker stated: "Complex fraud schemes frequently transcend national boundaries. Today's arrests underscore our commitment to pursue accused wrongdoers where ever they may try to hide."

**Tri-West Investment Club Web Site**

According to Assistant U.S. Attorneys Christopher Sonderby and Robin Taylor, who are prosecuting the case, the complaint alleges that the defendants committed the fraud by soliciting bogus investment instruments using the Web site [www.triwestinvest.com](http://www.triwestinvest.com). The complaint was sworn out by FBI Special Agent John Boles, who is investigating the case with FBI Special Agent Tom Osborne.

The complaint alleges that defendants committed the fraud by creating the “Tri-West Investment Club,” an entity that solicited investments in what the Web site termed a “Bank Debenture Trading Program” or “Prime Bank” note program. The Web site guaranteed investors a 120 percent annual rate of return with “no risk of losing the investor’s principal investment,” as well as substantial referral fees for directing others to the Web site. According to the Web site, a 30 year-old “Panamanian Investment Company” called the Haarlem Universal Corporation executed all the trades for Tri-West investors. The Web site further claimed that the “day to day operations are conducted by Jason Kingsley, Mark Goldman and Alan Richards.”

#### The International Money Trail: Belize, Mexico, Costa Rica, Latvia and New York

The complaint alleges that, based on these representations, investors contributed \$53 million in funds to Tri-West. The complaint alleges that the Web site directed investors to send money to a Post Office post in Belize, where it was forwarded to addresses in Puerto Vallarta, Mexico, and San Jose, Costa Rica. At that point, some of the money was sent to the Latvian bank, which then sent some of the money to a bank in New York, where “dividend” checks were distributed to certain investors.

#### The Alleged “Ponzi” Scheme

The complaint alleges that the representations on the Web site are fraudulent. In particular, the complaint alleges that “Prime Bank” notes are bogus, and simply do not exist. Further, contrary to the Web site, the complaint alleges that corporate records show that Haarlem was incorporated in 1999, not 1969, and is not registered as an investment company. The managers of Tri-West are alleged to be fictitious, and simply aliases for Tri-West’s true operator, a Canadian citizen name Alyn Waage. Rather than an international finance expert, Waage allegedly has four prior fraud convictions and is currently wanted on a 44-count real estate fraud case in Canada. James Michael Webb is alleged to be the architect of the Web site.

The complaint alleges that Waage and his operatives ran a vast “Ponzi” scheme, using more recent investor funds to make “dividend” payments to earlier investors, to give the false impression of a successful investment program. Waage allegedly never invested any of the money as promised on the web site, and instead used the money to purchase millions of dollars worth of real property in Mexico and Costa Rica, a yacht, and a helicopter. Much of the money is also alleged to have been funneled to numerous shell corporations created in Costa Rica.

#### Waage’s Prior Arrest in Mexico

The complaint alleges that in April 2001, Mexican police arrested Waage on immigration charges when he arrived in Guadalajara, Mexico, carrying \$4.5 million in undeclared checks and money orders made payable to Haarlem. Waage was released after posting bail last month, at which time he relocated to Costa Rica.

#### Civil Actions by the SEC and State Security Agencies

The SEC also announced today a civil action against Tri-West alleging multiple securities violations. In addition, more than 10 states have already filed cease and desist orders against Tri-West for alleged violations of the securities laws. The North American Association of Securities Administrators has actively investigated this case for the past year. The national Internet Fraud Complaint Center, a joint organization of the FBI and National White Collar Crime Center which is located in West Virginia, has also been coordinating complaints regarding Tri-West.

The FBI's Computer Analysis and Response Team (CART) substantially assisted in the investigation.

The complaint contains only allegations and all defendants are presumed innocent until proven guilty at trial. The defendants now await extradition to the United States.

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